

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2629-12
BILL NO.: SCS for HS for HB 1238
SUBJECT: County Officials: Property, Real and Personal
TYPE: Original
DATE: May 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$40,000	\$60,000	\$60,000
Total Estimated Net Effect on <u>All</u> State Funds	\$40,000	\$60,000	\$60,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$775,000 to \$800,000	\$930,000 to \$25,621,000	\$930,000 to \$25,621,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Section 64.337 - Clay County Park Rangers

Officials of the **Department of Elementary and Secondary Education** stated that any additional fine money distributed through the County's School Fund, would be a savings to the State's Schools Moneys Fund. The amount of savings is unknown however, officials assume it would be less than \$100,000 annually.

Oversight assumes that any increase in fines which would go to school districts would be offset by reduced payments to those districts through the State's Foundation Formula. Oversight also assumes that the effects on the Formula would not be material.

Officials of the **Department of Natural Resources** and the **Department of Public Safety** assumed there would be no state fiscal impact.

Section 64.342 - Clay County Marina

Oversight notes that the proposal would not affect any sources of government revenue and assumes it would allow Clay County to build and operate a marina within any area contiguous to a lake. This could cause a reallocation of County resources.

Section 67.410 - Discharge of Special Tax Bills

Provisions allowing St. Louis and Kansas City to, by ordinance, waive special tax bills associated abatements of public nuisances could have a direct fiscal impact, but that impact would be a result of actions of city government.

Sections 67.478 to 67.493, 144.757 to 144.761, and 353.020 - Community Comeback Act

Officials from **St. Louis County** estimated revenue of \$5 million to \$6 million per year from the use tax.

Officials from the **Department of Revenue**, the **Department of Economic Development**, and the **Secretary of State's Office** stated this proposal would not affect their agencies.

Oversight estimated the possible revenues based upon voters passing the use tax in August and the Department of Revenue beginning to collect the tax 1 October 2000 and based upon ASSUMPTION (continued)

collections of \$6,000,000 per year. (FY 2001 collections would be for 8 months.)

Sections 67.1062 and 67.1063 - Assistance for the Homeless Program

The **St. Louis County Recorder of Deeds**, in responses to similar proposals, stated that a \$3 fee on all instruments recorded in the County would generate about \$880,000 per year.

Section 67.1461 - Community Improvement Districts

Officials of the **Department of Revenue (DOR)** noted that the proposal contains the possibility that a political subdivision comprising a *part* of Kansas City would levy a sales tax. If this happened, the Department would have significant costs to modify its automated and manual sales tax systems.

Oversight notes that any sales tax proposed would have to be approved by the voters of the improvement districts and Oversight assumes that if a district which does not comprise a county or municipality imposes a sales tax then DOR officials would request additional resources from the General Assembly in order to administer the sales tax.

Section 82.300 - Unauthorized Dumping and Littering

Officials of the **Kansas City Manager's Office** stated that they project fifty (50) prosecutions per year with a mature program. With the maximum penalty, the additional revenue to the City would be \$25,000 (50 times \$500). Over the years, the result of a successful program will be an ultimate decrease in dumping and a concomitant decrease in prosecutions and therefore revenue.

Oversight will show an increase in revenue due to the increase in allowed fines from \$500 to \$1000. According to Kansas City officials the increase in fine revenue would be approximately \$25,000. Oversight will show fiscal impact as \$0 to \$25,000 because a decrease in fine revenue is expected in following years.

Section 92.031 - Alternative Property Tax Levies in Kansas City

The Kansas City debt service levy is \$.14 per \$100 assessed valuation, the Kansas City health levy is \$.49, the Kansas City museum levy is \$.02, and the total Kansas City property tax levy is \$1.32. The total statutory levy ceiling is \$1.50. If Kansas City elected to do so, it could impose, under the proposed section 92.031, an annual debt service levy and an annual levy for capital improvements and operating expenses for hospital, public health, recreation grounds and ASSUMPTION (continued)

museum purposes independent of the taxes for capital improvements, public health, hospital, recreation and museum purposes authorized in 92.030. If Kansas City made this election then the

limits on individual and total annual tax rate levies in subdivisions (1), (2) and (3) of subdivision 92.030.2 would not apply. Kansas City could, with voter approval, raise the tax levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes from current rates to a rate not to exceed \$1.00 per \$100 assessed value. Currently, the tax levies for the purposes specified is \$.51. An increase to \$1.00 for these purposes would raise about \$24,666,000. However, the increase would not have to be for the full amount and any increase in the levy would have to be approved by the voters of Kansas City.

Section 100.331 - Reduction in Size of Planned Industrial Expansion Authorities

Oversight assumes that reducing the size of planned industrial expansion authorities would not have any direct fiscal impact on political subdivisions.

Section 135.481 - Tax Credit for Rehabilitation and Construction of Residences

Oversight notes that the proposal does not change the total amount of tax credits available for this program and that the governing body of Kansas City would have to approve the enhanced credit. (Officials of the **Department of Economic Development** would have to approve the project for the credit, initially.)

Sections 139.053, 140.110 and 140.160 - Payments for Delinquent Property Taxes

Officials of the **State Tax Commission** and the **Department of Economic Development - Division of Finance** stated that the proposal would not affect their agencies or any source of state funds.

Section 141.220 - Allowing Clay and Buchanan Counties to Establish Land Trusts

Officials of the **State Tax Commission** stated, in a response to a similar proposal, that the proposal would have no direct fiscal impact on their agency or on state funds.

Sections 141.540, 141.550 and 141.610 - Provisions Relating to Delinquent Tax Sales and Court Administrators' Deeds

Oversight assumes that setting a time (10:00 a.m.) for sales of land with tax liens, requiring that bidders at such sales meet certain criteria, and allowing court administrators' deeds (as well as ASSUMPTION (continued)

sheriffs' deeds) to be proof that all required actions have been taken under terms of the land tax collection law would not have any direct fiscal impact on political subdivisions.

Section 260.210 - Solid Waste and Yard Waste

Officials of the **Department of Natural Resources** note that the tonnage fee for solid waste delivered to demolition landfills is \$1.23 and the fee for yard waste delivered to landfills and transfer stations is \$1.85. They do not expect enough “diverted” tonnage due to the proposal to cause significant fiscal impact.

Officials of the **City of Kansas City** stated that the city would save \$50,000 because the city would not have to either separate waste or deliver the unseparated waste to another state.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Income</u> - 1% of St. Louis County Use Tax	\$40,000	\$60,000	\$60,000
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
POLITICAL SUBDIVISIONS			
<u>Income</u> - Kansas City: Increased Tax Levies	\$0	\$0 to \$24,666,000	\$0 to \$24,666,000
<u>Income</u> - Kansas City: Increase Fines	\$0 to \$25,000	\$0 to \$25,000	\$0 to \$25,000
<u>Savings</u> - Kansas City: Reduced Cost for Handling Yard Wastes	\$41,667	\$50,000	\$50,000
<u>Income</u> - St. Louis County Special Homeless Fund	\$733,333	\$880,000	\$880,000
<u>Income</u> - St. Louis County Use Tax	\$3,960,000	\$5,940,000	\$5,940,000
<u>Cost</u> - St. Louis County Community Comeback Programs	(\$3,960,000)	(\$5,940,000)	(\$5,940,000)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	\$775,000 to \$800,000	\$930,000 to \$25,621,000	\$930,000 to \$25,621,000

FISCAL IMPACT - Small Business

Small businesses located in Clay and Buchanan counties which are delinquent in paying property taxes could be affected by this proposal. Small businesses in St. Louis County which have instruments recorded could be affected by this proposal. Small businesses in Kansas City which pay property taxes could be affected by this proposal.

DESCRIPTION

This proposal would

- 1) allow Clay and Buchanan counties to establish land trusts to administer the management, sale, and disposition of tax-delinquent lands;
- 2) allow certain cities to discharge special tax bills related to the demolition of nuisance properties;
- 3) reduce the size of planned industrial expansion authority commissions;
- 4) set standards for prospective purchasers of property at delinquent tax sales;
- 5) allow court administrators' as well as sheriffs' deeds to be accepted as proof that all activities required to take liens on land under terms of the land collection law have been properly executed;
- 6) allow Clay County to construct and maintain a marina;
- 7) allow Clay County to appoint park rangers;
- 8) enact the "Community Comeback Act", affecting St. Louis County;
- 9) expand the definition of agencies which could participate in homeless assistance programs and allow St. Louis County to, with voter approval, assess an additional three-dollar (\$3) on all recorded instruments;
- 10) provide for otherwise tax-exempt property to be subject to assessments of Community Improvement Districts;
- 11) allow Community Improvement Districts in Kansas City to levy sales taxes;
- 12) allow Kansas City to enact ordinances against illegal and unauthorized dumping and littering
DESCRIPTION (continued)
and to punish violations by a fine up to \$1,000 or imprisonment up to 12 months, or both;
- 13) allow the voters of Kansas City to approve a levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes of up to \$1.00; and,
- 11) allow solid waste disposal areas and processing waste facilities serving Kansas City to accept yard waste commingled with solid waste resulting from illegal dump cleanup activities or programs conducted by the Kansas City government under terms of this proposal.

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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Economic Development - Division of Finance
Department of Natural Resources
Department of Revenue
State Tax Commission
City of Kansas City

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
May 4, 2000